

LEARNING LINKS

ABN 71 097 577 636

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

LEARNING LINKS

Annual Report
For the Financial Year ended 30 June 2019

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DIRECTORS' REPORT

The Directors present this report on Learning Links (the "Company") for the year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Gregory Wallace
Sarah Donald
Michele Adair
Clive Cuthell
Darryl Easton - retired 13 November 2018
Jackie Gambrell – appointed 29 July 2019
Helen Hu
Jennifer Wilson – appointed 29 July 2019

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Objectives of the Company

The Company assists children and young people who have difficulties learning by providing them with the skills, services and family support that enable them to reach their full potential. This includes:

- Establishing and operating programs which directly assist children who have learning difficulties, disabilities or developmental delays and their families.
- Establishing and operating early childhood programs which provide inclusion of children with special needs into early childhood settings.
- Increasing public awareness, understanding and interest in the special needs of children who have learning difficulties, disabilities or developmental delays.

Principal Activity

The principal activity of the Company during the financial year was to help children who have disabilities, learning difficulties, and developmental delays to realise their full potential.

Review of Operations

The surplus of the Company amounted to \$320,179 (2018: \$475,301).

A review of the operations of the Company during the financial year and the results of those operations found that during the year the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Dividends

The Company operates on a not-for-profit basis and in accordance with the terms of its Constitution, no portion of its assets or income shall be distributed directly or indirectly to members of the Company. As such no dividends were paid or declared since the start of the financial year and no recommendation for payment of dividends has been made.

Significant Changes in State of Affairs

There were no significant changes in the affairs of the Company that occurred during the financial year other than as reported therein.

DIRECTORS' REPORT (CONT'D)

Subsequent Events

There has not been any matter or circumstances that have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future Developments

The Company has completed three years of its four years strategic plan and is exceeding its growth targets to deliver quality services across greater Sydney. The next phase of the growth strategy is to provide further services across Sydney and NSW to meet the growing demand for services. In addition, the Company will continue to expand its reach and impact to children in areas currently served including increasing service delivery to children eligible for NDIS supports.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Information on Directors

Gregory Wallace	—	Chair
Qualifications	—	Bachelor of Business (Business Management), MAICD
Experience	—	Senior Executive – government and telecommunications
Sarah Donald	—	Secretary
Qualifications	—	Master of Laws, Bachelor of Laws, Bachelor of Business (Management), Grad Dip Legal Practice, GAICD
Experience	—	Legal counsel
Michele Adair	—	Director
Qualifications	—	Master of Management, Master of Public Advocacy & Action, GAICD
Experience	—	Senior Executive – community housing and support services
Clive Cuthell	—	Director
Qualifications	—	Bachelor of Arts (Hons.) Accountancy and Finance, CA, GAICD
Experience	—	Senior Executive – multinational organisation in manufacturing, construction materials and property
Darryl Easton	—	Director
Qualifications	—	Master of Engineering Management and Master of Business
Experience	—	Engineering professional-telecommunications
Jackie Gambrell	—	Director
Qualifications	—	Bachelor of Arts (Hons), Master of Business Administration
Experience	—	Senior Executive – education and health-based not for profits
Helen Hu	—	Director
Qualifications	—	Bachelor of Arts, Master of Commerce, GAICD, GIA, CA
Experience	—	Senior Executive – member-based organisations, service sector and company secretary
Jennifer Wilson	—	Director
Qualifications	—	GAICD
Experience	—	Specialist advisory roles in digital development and production; corporate management and advice

DIRECTORS' REPORT (CONT'D)

The number of directors' meetings held in the period during which each director held office over the financial year and the number of meetings attended by each director are:

Director meeting attendances for the FY2019

Director	Board of Directors		Finance and Audit		Corporate Governance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Gregory Wallace	7	7	4	4	2	2
Sarah Donald	7	6	0	0	2	2
Michele Adair	7	5	5	3	0	0
Clive Cuthell	7	6	5	5	0	0
Helen Hu	7	6	5	5	0	0
Darryl Easton *	2	1	0	0	1	1

* Not member for full year

Indemnifying Officers or Auditor

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

DIRECTORS' REPORT (CONT'D)

Assessment of Performance

The Company assesses its performance using the following methodologies in order to ensure that the objectives of the Company are being met:

- Monthly financial reporting and analysis
- Accountability reporting to all major funding partners
- Comprehensive quality framework and systems with wide-ranging policies and procedures reviewed regularly.
- Regular client and staff surveys
- Managing governance, compliance and risks
- Monthly monitoring of client numbers
- Reporting and monitoring of key performance indicators
- Dashboard reporting on a monthly basis

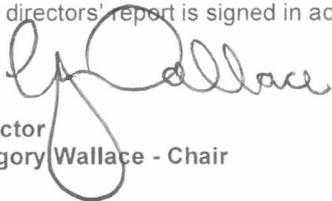
Members' Guarantee

Learning Links is a Company limited by guarantee without share capital. In the event of the Company being wound up, each member undertakes to contribute an amount not exceeding any outstanding membership fees. As at 30 September 2019, there were 618 (30 June 2018: 352) members of the Company.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 6.

This directors' report is signed in accordance with the resolution of directors.



Director
Gregory Wallace - Chair



Director
Sarah Donald – Secretary

24 October 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF LEARNING LINKS

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

- No contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.



William Buck
Chartered Accountants
ABN 16 021 300 521



Domenic Molluso
Director

Sydney, 24 October 2019

ACCOUNTANTS & ADVISORS

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Sydney NSW 2000

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Learning Links

Independent Auditor's Report to the Directors

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Learning Links (the Entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Entity has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) Giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) Complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

In compliance with Section 24 of the Charitable Fundraising Act 1991 and the Authority Condition, we report:

- a) The financial report of the Entity gives a true and fair view of the financial results of fundraising appeals during the year ended 30 June 2019;
- b) The accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;
- c) Money received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and
- d) At the date of this report, there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they fall due.

ACCOUNTANTS & ADVISORS

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Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report and directors report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our independent auditor's report.



William Buck
Chartered Accountants
ABN 16 021 300 521



Domenic Molluso
Director

Sydney, 24 October 2019

RESPONSIBLE PERSONS

The responsible persons declare that:

- (a) in the responsible persons' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the responsible persons' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the responsible persons:



Director
Gregory Wallace - Chair



Director
Sarah Donald - Secretary

24 October 2019

DECLARATION UNDER THE CHARITABLE FUNDRAISING ACT

I, Gregory Wallace, Chair of Learning Links, declare that in my opinion:

- a. The financial statements give a true and fair view of all income and expenditure for Learning Links with respect to fundraising appeal activities for the year ended 30 June 2019;
- b. The statement of financial position gives a true and fair view of affairs for Learning Links with respect to fundraising appeal activities for the year ended 30 June 2019;
- c. The provisions of the *NSW Charitable Fundraising Act 1991* and Regulations under the Act and the conditions attached to the authority have been complied with during the year ended 30 June 2019; and
- d. The internal controls exercised by Learning Links are appropriate and effective in accounting for all Income received and applied by Learning Links from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the Directors.



Gregory Wallace
Chair

24 October 2019

LEARNING LINKS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
INCOME			
Fee income for Services		2,944,407	2,470,162
Government Grant	3	1,733,089	1,457,315
Fundraising-Non Government Grants	2(s)	654,735	584,836
Donations		33,693	72,664
Bingo Income		-	133,164
Housie Income	2(s), 12	10,722,134	10,369,804
Membership Fees		8,726	8,113
Other Income		72,759	31,747
Total Income		16,169,543	15,127,805
EXPENDITURE			
Human Resources Costs for Services		5,045,372	4,330,372
Human Resources Costs for Housie & Bingo		1,293,785	1,255,932
Housie and Bingo Other Costs		7,922,834	7,811,542
Program Costs		278,870	216,844
Marketing Costs		101,815	82,903
Administration & Office Costs		877,844	619,984
Finance Costs		17,121	13,086
IT Costs		311,723	321,841
Total Expenses		15,849,364	14,652,504
Net Surplus for the year		320,179	475,301
Gain on revaluation of land & building	4	1,368,712	-
Other Comprehensive Income		1,368,712	-
Total Comprehensive Income		1,688,891	475,301

The accompanying notes form part of these financial statements

LEARNING LINKS**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
ASSET			
CURRENT ASSETS			
Cash and cash equivalents	10	2,192,177	1,889,100
Trade and other receivables	15	504,569	711,670
Prepayments		154,276	91,439
Inventories		105,636	76,850
Other current assets		23,042	48,636
Total Current Assets		2,979,700	2,817,695
NON-CURRENT ASSETS			
Land & Building	4	3,000,000	1,512,218
Leasehold Improvement	4	246,332	29,601
Furniture & Fittings	4	117,884	51,722
IT hardware & other Equipment	4	209,519	139,628
IT Software	5	241,769	299,749
Motor Vehicle	4	8,197	13,661
Total Non-current Assets		3,823,701	2,046,579
Total Assets		6,803,401	4,864,274
LIABILITIES			
CURRENT LIABILITIES			
Trade & other Payables	16	536,470	410,949
Income received in advance		79,305	-
Grants & Funding in advance		890,281	844,224
Provisions & Employee entitlements	14	403,482	387,205
Housie Prize Fund		84,169	108,006
Total Current Liabilities		1,993,707	1,750,384
NON-CURRENT LIABILITIES			
Provisions & Employee entitlements	14	29,930	23,017
Total Non-current Liabilities		29,930	23,017
Total Liabilities		2,023,637	1,773,401
Net Assets		4,779,764	3,090,873
EQUITY			
Reserves	6	2,362,747	994,035
Accumulated Surplus		2,417,017	2,096,838
Total Equity		4,779,764	3,090,873

LEARNING LINKS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance as at 1 July 2017	1,621,537	994,035	2,615,572
Net surplus for the year	475,301	-	475,301
Total comprehensive income for the year	475,301	-	475,301
Balance at 30 June 2018	2,096,838	994,035	3,090,873
Balance as at 1 July 2018	2,096,838	994,035	3,090,873
Net surplus for the year	320,179	-	320,179
Other comprehensive income for the year	-	1,368,712	1,368,712
Total comprehensive income for the year	320,179	1,368,712	1,688,891
Balance at 30 June 2019	2,417,017	2,362,747	4,779,764

LEARNING LINKS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flow from operating activities			
Receipts from customers		16,752,313	15,787,230
Payments to suppliers & employees		(15,863,243)	(14,905,637)
Interest received		30,986	20,515
Net cash flow from operating activities		920,056	902,108
Cash flow from investing activities			
Payment for property, plant & equipment	4	(616,979)	(232,382)
Proceeds from disposal of property, plant & equipment		-	1,818
Net cash flow from investing activities		(616,979)	(230,564)
Net increase in cash held		303,077	671,544
Cash and cash equivalents at beginning of the year		1,889,100	1,217,556
Cash and cash equivalents at the end of the year	10	2,192,177	1,889,100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: REPORTING COMPANY

Learning Links is a not-for-profit public Company limited by guarantee, incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is:

12-14 Pindari Road, Peakhurst NSW 2210

The Company's principal activity during the year was to help children who have disabilities, learning difficulties, developmental delays and those at risk of not achieving learning or developmental milestones realise their individual potential.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and New South Wales legislation the Charitable Fundraising Act 1991, as appropriate for not-for profit oriented entities.

The financial statements were authorised for issue by the directors on 24 October 2019.

The following is a summary of the material accounting policies adopted by Learning Links in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs except for certain non-current assets that are measured at revalued amounts or fair values as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The revised Standards and Interpretations adopted did not have an impact on the financial statements.

Accounting Policies

(a) Income Tax

The Company received endorsement from the Australian Taxation Office as an income tax exempt charitable Company effective from 1 January 2002. The Company is exempt from income tax under Division 50 section 50-5 of the Income Tax Assessment Act 1997. It is also exempt from State payroll taxes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Inventories

Inventories of goods purchased for fundraising are valued at the lower of cost and net realizable value. Costs are assigned on a first-in first-out basis and only include direct costs. Inventories on hand consist of Bingo prizes, Bingo and Housie tickets, raffle prizes, Bingo accessories and Reading for Life kits.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, net of any accumulated depreciation and any impairment losses.

Property

Properties are measured on the fair value basis, with changes in the fair value recognized in Asset Revaluation Reserve in the period that they arise. It is a policy of Learning Links to have an independent valuation every three years, with annual appraisals being made by the directors.

Plant and Equipment

Plant and equipment are measured on a cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amounts from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets and capitalised lease assets are depreciated over their useful lives using the straight line or diminishing value method as considered appropriate. New assets are depreciated from the time the asset is held ready for use. Plant and equipment under lease are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets in the current and comparative year are as follows.

Class of fixed assets	Measurement bases 2019	Depreciation rates 2019	Depreciation basis 2019
Land & Buildings	Fair value	Nil	N/A
Leasehold Improvements	Historical cost	20%-40% or life of the asset	Diminishing Value & Straight Line
Furniture & Fittings	Historical cost	20%	Straight Line
IT Hardware & Equipment	Historical cost	20%	Straight Line
Motor Vehicles	Historical cost	40%	Diminishing Value

Class of fixed assets	Measurement bases 2018	Depreciation rates 2018	Depreciation basis 2018
Land & Buildings	Fair value	Nil	N/A
Leasehold Improvements	Historical cost	40% or life of the asset	Diminishing Value
Furniture & Fittings	Historical cost	20%	Diminishing Value
IT Hardware & Equipment	Historical cost	20%	Diminishing Value & Straight Line
Motor Vehicles	Historical cost	40%	Diminishing Value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Recognition and initial measurements

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(g) Employee Benefits

Provisions are made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related costs. Other employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(i) Revenue

Grant revenue is recognised in the statement of comprehensive income when the Company obtains control of the grant and it is probable that the economic benefits gained will flow to the Company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the contributions, the recognition of the grant as revenue will be deferred until those conditions are satisfied and control of the funds is obtained.

Bingo and Housie revenue is recognised on sale of the game ticket.

Donations and bequests are recognised as revenue when received.

Revenue from rendering of a service is recognised upon the delivery of the services to the customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets as it is received.

Other revenue, including fundraising, is recognised when the right to receive the revenue has been established.

(j) Borrowing Costs

Borrowing costs are recognised in the period in which they are incurred.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(m) Critical Accounting Estimates and Judgments

The directors' evaluations and judgments incorporated into the financial report are based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific communication with debtors.

Estimation of the fair value of land and buildings, and investment properties

The company determines the fair value of land and buildings and investment properties based on an estimate of its valuation provided by a certified professional real estate valuer. The reasonableness of the valuation is assessed by taking into account existing and comparable market sales data at the date of valuation

(n) Accounts and Other Receivables

Accounts receivables which generally have 14-90 day terms, are recognised and carried at original invoice amount less an allowance for uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. The accounts receivable amount in the Statement of Financial Position is net of doubtful debts. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Traders

As a form of fundraising, Learning Links has a contract with one trader. This is Helping Hand Sweet Company. The income from this trader is included in Fundraising and Other Income in the Statement of Comprehensive Income.

(q) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(r) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Fundraising Activities

The Company has an authority to fundraise under the *Charitable Fundraising Act 1991 (NSW)*. The Authority number is CFN 13232 which expires on 15/02/2021. Additional notes and information have been provided in the financial report to assist the authority holder with its disclosure requirements. A detailed list of fundraising permits has not been provided in this report but is available upon request.

All proceeds from fundraising activities were used in the costs of providing services to children who have difficulty learning and their families. Charity Housie financial information is contained in Note 12.

Charity Housie is a gaming program with cash prizes run for charitable purposes while Club Bingo is a gaming program with non-cash prizes usually run as a social activity in clubs. Both are required to comply with government legislation.

The disclosure above relates only to Charity Housie, in accordance with the *Charitable Fundraising Act 1991 (NSW)* requirement

		Surplus	2019	2018
	\$	\$	%	%
Total cost of fundraising/gross proceeds from fundraising	9,029,068/11,376,869	2,347,801	79%	82%
Net surplus from fundraising/gross proceeds	2,347,801/11,376,869		21%	18%
Total cost of services/expenditure	6,636,848/15,849,363		42%	38%
Total cost of services/income	6,636,848/16,169,543		41%	37%

Fundraising

The following table comprises items from Charity Housie, Fundraising and Other Income in the Statement of Comprehensive Income. It covers arrangements with traders and small fundraising activities.

(i) Gross Proceeds from fundraising

	2019	2018
	\$	\$
Trader – Helping Hand Sweet Company	2,563	2,563
Other Fundraising	652,172	582,273
	654,735	584,836
Charity Housie (Note 12)	10,722,134	10,369,804
	11,376,869	10,954,640

(ii) Total cost of fundraising

Other Fundraising	149,226	175,995
Charity Housie (Note 12)	8,879,842	8,760,001
	9,029,068	8,935,996
Net surplus from fundraising	2,347,801	2,018,644

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: GRANTS AND CONTRACTS

Grants and contracts are received by Learning Links from government and non-government sources.

Funding Body	2019	2018
	\$	\$
NDIS	113,221	-
Brotherhood of St Laurence	453,099	449,295
The Smith Family	150,000	150,000
NSW Government Department of Education & Communities	724,500	578,617
Parenting Research Centre	166,157	161,900
Community Service Grants Program (EIPP)	126,112	117,503
Total Funding Revenue	1,733,089	1,457,315

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4: PROPERTY, PLANT & EQUIPMENT

	2019	2018
	\$	\$
Land & Building (Peakhurst) - at Fair Value (i)	3,000,000	1,512,218
Less accumulated depreciation	-	-
	<u>3,000,000</u>	<u>1,512,218</u>
Leasehold Improvements at cost	463,134	189,683
Less accumulated depreciation	(216,802)	(160,082)
	<u>246,332</u>	<u>29,601</u>
Office furniture & fittings - at cost	312,988	217,438
Less accumulated depreciation	(195,104)	(165,716)
	<u>117,884</u>	<u>51,722</u>
IT Hardware - at Cost	494,669	385,779
Less accumulated depreciation	(285,150)	(246,151)
	<u>209,519</u>	<u>139,628</u>
Motor vehicles - at cost	56,897	57,352
Less accumulated depreciation	(48,700)	(43,691)
	<u>8,197</u>	<u>13,661</u>
Total Property, Plant & Equipment	<u>3,581,932</u>	<u>1,746,830</u>

The Peakhurst property was valued by an independent valuer in September 2019.

The comparative figures for Land & Building and Leasehold Improvements have been restated since the last Financial Statement for comparative disclosure purposes.

NOTE 5: INTANGIBLE ASSETS

	2019	2018
	\$	\$
Software development		
IT Software - at cost	1,138,012	1,117,942
Less: accumulated amortisation	(896,243)	(818,193)
	<u>241,769</u>	<u>299,749</u>

	Land & Buildings	Leasehold Improvements	Office Furniture & Fittings	IT Hardware	Motor Vehicles	IT Software	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,512,218	29,601	51,722	139,628	13,661	299,749	2,046,579
Additions	119,069	273,394	95,549	108,897	-	20,070	616,979
Disposals	-	-	-	-	-	-	-
Revaluation of land and building	1,368,713	-	-	-	-	-	1,368,713
Depreciation and Amortisation expense	-	(56,663)	(29,387)	(39,006)	(5,464)	(78,050)	(208,570)
Balance at 30 June 2019	<u>3,000,000</u>	<u>246,332</u>	<u>117,884</u>	<u>209,519</u>	<u>8,197</u>	<u>241,769</u>	<u>3,823,701</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6: RESERVES

	2019	2018
	\$	\$
Revaluation of land & building	2,362,747	994,035
Movements during the year;		
Opening Balance	994,035	994,035
Revaluation of property, plant and equipment	1,368,712	-
	<u>2,362,747</u>	<u>994,035</u>

NOTE 7: REMUNERATION AND RETIREMENT BENEFITS

No remuneration was paid or is payable to the Directors of the Company.

NOTE 8: MEMBERS' GUARANTEE

Learning Links is a Company limited by guarantee without share capital. In the event of the Company being wound up, each member undertakes to contribute an amount not exceeding any outstanding membership fees. As at 30 September 2019, there were 618 (30 June 2018: 352) members of the Company.

NOTE 9: RELATED PARTY TRANSACTIONS

Management have reviewed transactions and no related party transactions were identified.

Members are generally also clients of Learning Links. Clients who become members pay a membership fee of \$20 which also entitles the member to a 10% discount on services provided by Learning Links.

NOTE 10: CASH AND CASH EQUIVALENTS

Reconciliation of cash

	2019	2018
	\$	\$
Cash flow from operating activities		
Cash on hand and at bank	852,979	746,475
Term deposit	1,339,198	1,142,625
Cash and cash equivalent at the end of the year	<u>2,192,177</u>	<u>1,889,100</u>

NOTE 11: SEGMENT REPORTING

Learning Links operates in the Community Services Sector providing assistance within Australia to children who have difficulty learning and their families.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12: HOUSIE OPERATIONS (EXCLUDING BINGO)

	2019	2018
	\$	\$
Income		
Housie Ticket Sales	9,816,723	9,571,244
Other Sales	905,411	798,560
Total Income	10,722,134	10,369,804
Expenditure		
Housie Prizes	7,192,896	7,080,028
Wages, Superannuation and Workers Insurance	1,293,785	1,236,533
Profit sharing arrangements	21,667	24,936
Housie Tickets	307,684	324,951
Miscellaneous	63,810	93,553
Total Expenditure	8,879,842	8,760,001
Gross Surplus on Housie Games	1,842,292	1,609,803
Gross Surplus/Total Housie Income	17.2%	15.5%

Charity Housie is a gaming program with cash prizes run for charitable purposes while Club Bingo is a gaming program with non-cash prizes usually run as a social activity in clubs. Both are required to comply with government legislation.

The disclosure above relates only to Charity Housie, in accordance with the *Charitable Fundraising Act 1991 (NSW)* requirement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: REMUNERATION OF AUDITOR

	2019 \$	2018 \$
Audit of the financial report and grant acquittals	35,000	31,500
	35,000	31,500

NOTE 14: PROVISIONS

	2019 \$	2018 \$
Employee entitlements	433,412	410,222
	433,412	410,222
Current	403,482	387,205
Non-current	29,930	23,017
	433,412	410,222

NOTE 15: TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
Trade receivables	513,473	726,170
Less: Allowance for impairment	(8,903)	(14,500)
	504,569	711,670

Trade terms vary. Parent fees for services are due within 14 days of service delivery. Learning Links raises money to subsidise fees for parents who cannot afford to pay, either because of their financial circumstances at the time the service is agreed to or changed circumstances while the service is being received. Fee subsidies assist in paying for services when parents cannot.

Provisional Psychologists attending the psychology development program pay for the service by way of equal instalments over the duration of the program, or for casual services invoiced monthly.

Housie and Bingo consists of two sources of income, first being session income and second being club reimbursement. All session income is cash at the time of service and club reimbursements are 30 days trade terms (the terms with clubs may vary based on contractual agreements). Trade terms for selected government departments are 90 days from the date of service. No interest is charged on receivables. Past experience indicates that trade receivables can be recoverable even when outstanding beyond payment terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade payables	102,849	112,976
Other payables	413,418	262,747
Goods & Services Tax payable	20,203	35,226
	<u>536,470</u>	<u>410,949</u>

Other payables include Superannuation, Accrual, Loan and PAYG payable

NOTE 17: KEY MANAGEMENT PERSONNEL REMUNERATION

Total Key Management Personnel Remuneration in FY2019 was \$823,569 and in FY2018 was \$795,419.

Note 18. COMMITMENTS

	2019	2018
	\$	\$
Lease commitments - operating Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	619,909	522,461
One to five years	589,579	176,000
	<u>1,209,488</u>	<u>698,461</u>

NOTE 19: SUBSEQUENT EVENTS

There has not been any matter or circumstances that have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.